

**HUMBOLDT  
COMMUNITY SCHOOL DISTRICT**

INDEPENDENT AUDITOR'S REPORTS  
BASIC FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF FINDINGS

JUNE 30, 2008

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# HUMBOLDT COMMUNITY SCHOOL DISTRICT

## Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
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### Board of Education

#### (Before September, 2007 Election)

Mike Sexe	President	2007
Jennifer Berte	Vice President	2008
Dawn Humburg		2009
Rick Pedersen		2009
Tom Carson		2008

#### (After September, 2007 Election)

Jennifer Berte	President	2008
Dawn Humburg	Vice President	2009
Tom Carson		2008
Brian Ricklefs		2008
Rick Pedersen		2009

### School Officials

Dr. Joyce Judas	Superintendent
Lisa Thul	District Secretary
Rob Dickey	District Treasurer

# BRUCE D. FRINK

## Certified Public Accountant

### Independent Auditor's Report

#### Member:

- American Institute of Certified Public Accountants
- Iowa Society of Certified Public Accountants

#### Services:

- Individual & Corporate Tax Preparation, Partnerships, Estate & Trust
- Year Round Tax Planning
- Electronic Filing
- Payroll & Sales Tax Preparation
- I.R.S. Representation
- Monthly/Quarterly Write-Up
- Data Processing Services
- Payroll Preparation
- Computerized Financial Statements
- Business/Personal Financial Planning
- Bank Loan Assistance
- Section 105 Medical Plan Administration

#### Plus:

- Over 30 years of Expertise and Experience
- Evenings & Saturdays Available by Appointment
- Extended Hours During Tax Season

To the Board of Education of  
Humboldt Community School District:

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of Humboldt Community School District, Humboldt, Iowa as of and for the year ended June 30, 2008, which collectively comprise the District's basic financial statements listed in the table of contents. These financial statements are the responsibility of District officials. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business type activities and each major fund of Humboldt Community School District at June 30, 2008 and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our reports dated March 28, 2009 on our consideration of Humboldt Community School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis and budgetary comparison information on pages 4 through 12 and 32 through 33 are not required parts of the financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. We did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Humboldt Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the four years ended June 30, 2007 (which are not presented herein) and expressed unqualified opinions on those financial statements. Other supplemental information included in Schedules 1 through 4 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in our audit of the aforementioned financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Bruce D. Frink  
Certified Public Accountant

March 28, 2009

## **HUMBOLDT COMMUNITY SCHOOL DISTRICT**

### **Management's Discussion and Analysis**

This section of the Humboldt Community School District's Comprehensive Annual Financial Report presents its "discussion and analysis" of the District's financial performance during the fiscal year ending June 30, 2008. Please read it in conjunction with the District's financial statements.

#### **2008 FINANCIAL HIGHLIGHTS**

- The District's General Fund balance decreased by over \$186,000. This is the second year in a row that the balance has decreased. The District had revenues of \$10,104,138 and \$10,291,170 was spent during the year.
- The District experienced a decrease in both Resident and BEDS enrollment. The September 2007 BEDS enrollment was 1225.7, while the September 2006 enrollment was 1248.3. This is indicative of the actual number of students attending District schools including open enrollment in students. The District has a plus 69.7 of open enrolled students versus open enrolled out (up 10.9 from the prior year).
- Revenues increased by 3% from the prior year. This was due primarily to an increase in state sources of revenues by the District. Expenditures increased by 3% due to increases in payroll and benefits.
- The District has actively pursued grants from various sources in order to enhance the District's course offerings.
- The District enjoys a 23% solvency ratio. This will allow for flexibility in light of long term trends toward decreasing enrollment and inadequate allowable growth.

#### **USING THIS ANNUAL REPORT**

The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the District's financial activities.

The Government-wide Financial Statements consist of a Statement of Net Assets and a Statement of Activities. These provide information about the activities of Humboldt Community School District as a whole and present an overall view of the District's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report Humboldt Community School District's operations in more detail than the government-wide statements by providing information about the most significant funds. The remaining statements provide financial information about activities for which Humboldt Community School District acts solely as an agent or custodian for the benefit of those outside of the District.

Notes to financial statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison of the District's budget for the year.

Other Supplementary Information provides detailed information about the nonmajor governmental funds.

Figure A-1 shows how the various parts of this annual report are arranged and relate to one another.

**Figure A-1**

***Humboldt Community School District Annual Financial Report***

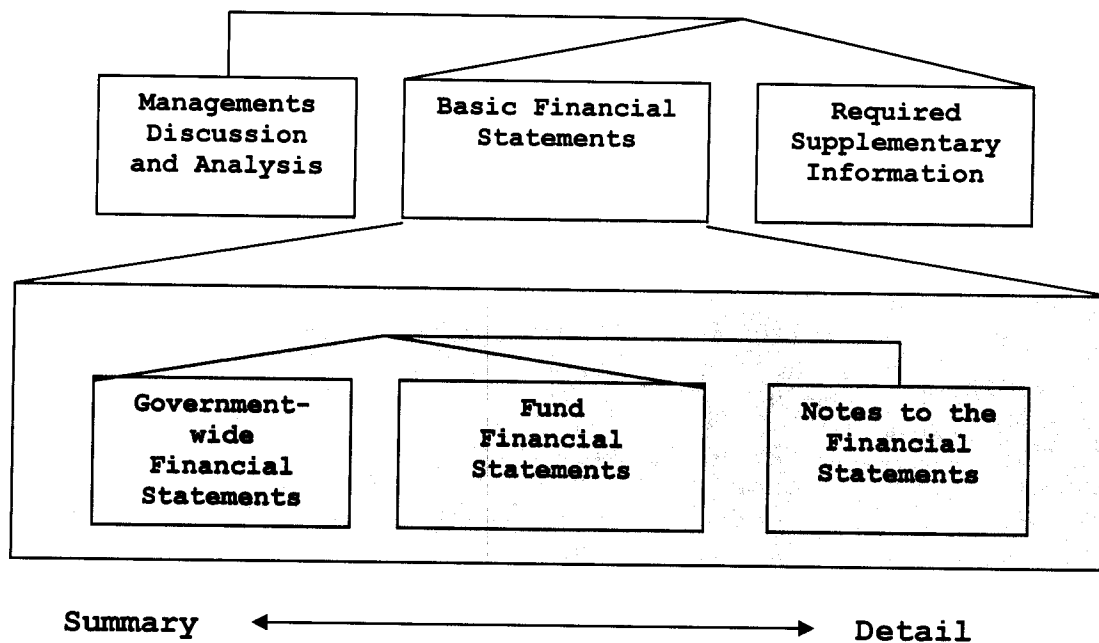


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

**Figure A-2**

**Major Features of the Government-wide and Fund Financial Statements**

	Government-wide Statements	Fund Statements		
		Governmental Funds	Proprietary Fund	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Activities the District operates similar to private businesses: food services and adult education	Instances in which the district administers resources on behalf of someone else, such as scholarship programs
Required financial statements	<ul style="list-style-type: none"> <li>• Statement of net assets</li> <li>• Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance sheet</li> <li>• Statement of revenues, expenditures and changes in fund balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of net assets</li> <li>• Statement of revenues, expenses and changes in fund net assets</li> <li>• Statement of cash flows</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of fiduciary net assets</li> <li>• Statement of changes in fiduciary net assets</li> </ul>
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/ liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, short-term and long-term	All assets and liabilities, both short-term and long- term; funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid



## REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

### *Government-wide Financial Statements*

The government-wide financial statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Assets includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities, regardless of when cash is received or paid.

The two government-wide financial statements report the District's net assets and how they have changed. Net assets - the difference between the District's assets and liabilities - are one way to measure the District's financial health or financial position. Over time, increases or decreases in the District's net assets are an indicator of whether financial position is improving or deteriorating. To assess the District's overall health, additional non-financial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities, need to be considered.

In the government-wide financial statements, the District's activities are divided into two categories:

- *Governmental activities:* Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property tax and state aid finance most of these activities.
- *Business type activities:* The District charges fees to help cover the costs of certain services it provides. The District's school nutrition program is included here.

### *Fund Financial Statements*

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds - not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs.

Some funds are required by state law and by bond covenants. The District establishes other funds to control and manage money for particular purposes, such as accounting for student activity funds, or to show that it is properly using certain revenues, such as federal grants.

The District has three kinds of funds:

- 1) *Governmental funds:* Most of the District's basic services are included in governmental funds, which generally focus on (1) how much cash and other financial assets can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

The District's governmental funds include the General Fund, Special Revenue Funds, the Debt Service Fund and the Capital Projects Fund.

The required financial statements for governmental funds include a balance sheet and a statement of revenues, expenditures and changes in fund balances.

- 2) *Proprietary funds:* Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide financial statements. The District's Enterprise Funds, one type of proprietary fund, are the same as its business type activities but provide more detail and additional information, such as cash flows. The District currently has one Enterprise Fund, the School Nutrition Fund.

The required financial statements for proprietary funds include a statement of net assets, a statement of revenues, expenses, changes in net assets and a statement of cash flows.

3) *Fiduciary funds*: The District is the trustee, or fiduciary, for assets that belong to others. These funds include Private-Purpose Trust Funds and Agency Funds.

- Private-Purpose Trust Fund - The District accounts for outside donations for scholarships for individual students in this fund.

The District is responsible for ensuring the assets reported in the fiduciary funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the government-wide financial statements because it cannot use these assets to finance its operations.

The required financial statements for fiduciary funds include a statement of fiduciary net assets and a statement of changes in fiduciary net assets.

Reconciliations between the government-wide financial statements and the fund financial statements follow the fund financial statements.

Reconciliations between the government-wide financial statements and the fund financial statements follow the fund financial statements.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

Figure A-3 below provides a summary of the District's net assets for the year ended June 30, 2008 compared to 2007.

**Figure A-3**  
**Condensed Statement of Net Assets**  
**(Expressed in Thousands)**

	Governmental Activities		Business type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2008	2007	2008	2007	2008	2007	2007-08
Current assets	\$ 8,035	8,909	46	61	8,081	8,970	-9.91%
Capital assets	3,066	2,215	24	32	3,090	2,247	37.52%
Total assets	11,101	11,124	70	93	11,171	11,217	-0.41%
Current liabilities	3,709	3,943	1	-	3,710	3,943	-5.91%
Non-current liabilities	25	596	-	-	25	596	-95.81%
Total liabilities	3,734	4,539	1	-	3,735	4,539	-17.71%
Net Assets							
Invested in capital assets, net of related debt	3,041	1,619	24	32	3,065	1,651	85.65%
Restricted	1,625	2,353	-	-	1,625	2,353	-30.94%
Unrestricted	2,701	2,613	45	61	2,746	2,674	2.69%
Total net assets	\$ 7,367	6,585	69	93	7,436	6,678	11.35%

Total net assets increased 11% as a result of increases in several funds. The General Fund decreased over \$186,000 as a result of salary increases and inadequate allowable growth. While the fund statements show a loss in the PPEL and Capital Projects Funds, both funds actually showed gains when taking into account that the majority of their expenditures were for capital assets that have useful lives of five or more years. These items are depreciated over their useful lives under generally accepted accounting principles. See Exhibit F for further explanation.

Figure A-4 shows the changes in net assets for the year ended June 30, 2008 compared to year ended June 30, 2007.

Figure A-4							
Changes in Net Assets							
(Expressed in Thousands)							
Governmental Activities		Business type Activities		Total School District		Total Change	
2008	2007	2008	2007	2008	2007	2007-08	
Revenues:							
Program revenues:							
Charges for service and sales	\$ 671	563	246	245	917	808	13.49%
Operating grants, contributions and restricted interest	1,910	1,992	187	177	2,097	2,169	-3.32%
General revenues:							
Property tax	3,843	3,924	-	-	3,843	3,924	-2.06%
Local option sales tax	777	909	-	-	777	909	-14.52%
Unrestricted state grants	4,614	4,397	-	-	4,614	4,397	4.94%
Unrestricted investment earnings	62	144	-	-	62	144	-56.94%
Other	224	160	-	-	224	160	40.00%
Total revenues	12,101	12,089	433	422	12,534	12,511	0.18%
Program expenses:							
Governmental activities:							
Instruction	7,419	7,083	-	-	7,419	7,083	4.74%
Support Services	3,045	2,974	-	-	3,045	2,974	2.39%
Non-instructional programs	-	6	457	410	457	416	9.86%
Other expenses	854	785	-	-	854	785	8.79%
Total expenses	11,318	10,848	457	410	11,775	11,258	4.59%
Change in net assets	\$ 783	1,241	(24)	12	759	1,253	-39.43%

Property tax and unrestricted state grants account for 64% of the total revenue. The District's expenses primarily relate to instruction and support services which account for 89% of the total expenses.

#### Governmental Activities

Revenues for governmental activities were \$12,100,647 and expenses were \$11,317,891. The District continues to monitor discretionary spending and looking for additional sources of revenue in order to maintain programs.

The following table presents the total and net cost of the District's major governmental activities: instruction, support services, non-instructional programs and other expenses, for the year ended June 30, 2008 compared to the year ended June 30, 2007.

**Figure A-5**  
**Total and Net Cost of Governmental Activities**  
**(Expressed in Thousands)**

	Total Cost of Services			Net Cost of Services		
	2008	2007	Change 2007-08	2008	2007	Change 2007-08
Instruction	\$ 7,419	7,083	4.74%	5,310	5,217	1.78%
Support Services	3,045	2,974	2.39%	3,009	2,718	10.71%
Non-instructional programs	-	6	100.00%	-	6	100.00%
Other expenses	854	785	8.79%	418	352	18.75%
Totals	<u>\$ 11,318</u>	<u>10,848</u>	<u>4.33%</u>	<u>8,737</u>	<u>8,293</u>	<u>5.35%</u>

- The cost financed by users of the District's programs was \$670,774.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$1,059,279.
- The net cost of governmental activities was financed with \$3,843,011 in property tax, \$4,614,097 in state foundation aid, and \$62,426 in interest income.

#### **Proprietary-Type Activities**

Revenues for the District's School Nutrition Fund were \$433,270 and expenses were \$456,917. The revenues include: charges for services, contributions, and federal and state reimbursements.

#### **Fiduciary Activities**

The Trust Funds are funds given and designated by outside groups and people basically to be given as scholarships. These funds are not to be used to support the operations of the District.

### **FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS**

The Humboldt Community School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The financial performance of the District is reflected in its governmental funds. As the District completed the fiscal year, its governmental funds reported a combined fund balance of \$4,326,874, which is 13% less than last year's ending fund balance of \$4,967,391.

#### **Governmental Fund Highlights**

- The District has been trying to control its General Fund balance by holding the line on payroll and discretionary spending as well as obtaining outside grants.
- A positive open enrollment balance into the District will help maintain instructional programs with increased funding.
- The District collected over \$776,000 in local option sales tax this fiscal year.
- The District enjoys a 23% solvency ratio. This is an indicator of the financial strength of the District. 10% is a widely accepted figure as being adequate.
- Although the PPEL and Capital Projects Fund balances decreased, most of the expenditures were on items that will benefit the District for several years.

## BUDGETARY HIGHLIGHTS

In accordance with the Code of Iowa, the Board of Education annually adopts a budget after the required public notice and hearing. The budget for the current fiscal year is usually amended each April for revenues and expenditures that could not be anticipated the prior April. The budget amending process follows similar statutory procedures.

It is the District's practice, as is in most Iowa school districts, to budget expenditures at or about the maximum authorized spending. As a result, the District's certified budget should always exceed the actual expenditures for the year. Expenditures exceeded the amended amounts budgeted in the non-instructional programs. This was due to non-cash expenses for commodities used being added to the cash expenses after the end of the fiscal year.

## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets

By the end of fiscal year 2008, the District has invested more than \$8,000,000 in a broad range of capital assets including school buildings, athletic facilities, kitchens, computers and audio-visual equipment, administration building, transportation/storage facility, maintenance equipment, school buses, and other vehicles, library holdings and textbooks. Total depreciation expense for the year exceeded \$185,000.

**Figure A-6**  
**Condensed Statement of Net Assets**  
**(Expressed in Thousands)**

	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2008	2007	2008	2007	2008	2007	2007-08
Land	\$ 49	49	-	-	49	49	0.00%
Land improvements	324	79	-	-	324	79	310.13%
Buildings	1,578	1,742	-	-	1,578	1,742	-9.41%
Furniture and equipment	1,115	345	24	32	1,139	377	202.12%
Totals	\$ 3,066	2,215	24	32	3,090	2,247	37.52%

### Long-term Debt

The District retired all of its long term debt during fiscal year 2008 with the exception of a capital lease for office equipment that will be paid off in the next fiscal year.

**Figure A-7**  
**Outstanding Long-Term Obligations**  
**(Expressed in Thousands)**

	Total District		Total Change
	June 30,		June 30,
	2008	2007	2007-08
General obligation bonds	\$ -	475	-100.00%
Capital lease	25	-	100.00%
EPA loan	-	1	-100.00%
Capital loan notes	-	120	-100.00%
Total	\$ 25	596	-95.81%

## **ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE**

At the time these financial statements were prepared and audited, the District was aware of existing circumstances that could significantly affect its financial health in the future:

- Enrollment will be the primary factor in determining the ability of the district to maintain and expand educational offerings.
- Maintaining a sound General Fund balance from year to year is important in order that the District can be able to take advantage of opportunities, absorb funding cuts, and keep property taxes down.
- Adequate allowable growth must be provided by the Legislature in order to give adequate salary increases plus be able to keep up with changing classroom requirements.

## **CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Dr. Greg Darling, Superintendent, Humboldt Community Schools, 1408 9<sup>th</sup> Ave N, Humboldt, Iowa 50548.

## **Basic Financial Statements**

## HUMBOLDT COMMUNITY SCHOOL DISTRICT

## Statement of Net Assets

June 30, 2008

	Governmental Activities	Business Type Activities School Nutrition	Total
<b>Assets</b>			
Cash and pooled investments	\$ 4,136,521	36,876	4,173,397
Receivables:			
Property tax:			
Current year	54,730	-	54,730
Succeeding year	3,504,455	-	3,504,455
Due from other governments	340,224	-	340,224
Other receivables	-	-	-
Inventories	-	8,919	8,919
Capital assets, net of accumulated depreciation	3,065,556	24,188	3,089,744
<b>Total assets</b>	<u>11,101,486</u>	<u>69,983</u>	<u>11,171,469</u>
<b>Liabilities</b>			
Accounts payable	204,601	705	205,306
Deferred revenue:			
Succeeding year property tax	3,504,455	-	3,504,455
Long term liabilities:			
Portion due within one year:			
Capital lease payable	25,011	-	25,011
<b>Total liabilities</b>	<u>3,734,067</u>	<u>705</u>	<u>3,734,772</u>
<b>Net assets</b>			
Invested in capital assets, net of related debt	3,040,545	24,188	3,064,733
Restricted for:			
Debt service	25,011	-	25,011
Capital Projects	606,969	-	606,969
Management Fund	923,920	-	923,920
Physical Plant and Equipment Levy Fund	70,097	-	70,097
Unrestricted	2,700,877	45,090	2,745,967
<b>Total net assets</b>	<u>\$ 7,367,419</u>	<u>69,278</u>	<u>7,436,697</u>

See notes to financial statements.



## HUMBOLDT COMMUNITY SCHOOL DISTRICT

## Statement of Activities

Year ended June 30, 2008

	Program Revenues		Net (Expense) Revenue and Changes in Net Assets	
	Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest	Total
<b>Functions/Programs:</b>				
Governmental activities:				
Instruction:	\$ 7,419,492	670,774	1,438,921	(5,309,797)
Support services:				
Student services	190,281	-	-	(190,281)
Instructional staff services	506,433	-	-	(506,433)
Administration services	1,113,036	-	-	(1,113,036)
Operation and maintenance of plant services	881,125	-	35,537	(845,588)
Transportation services	353,881	-	-	(353,881)
	3,044,756	-	35,537	(3,009,219)
Other expenditures:				
Interest on long-term debt	17,802	-	3,014	(14,788)
Service costs on long-term debt	475	-	-	(475)
Facilities acquisition and construction	239,374	-	16,845	(222,529)
AEA flowthrough	416,080	-	416,080	-
Depreciation (unallocated)*	179,911	-	-	(179,911)
	853,642	-	435,939	(417,703)
Total governmental activities	11,317,890	670,774	1,910,397	(8,736,719)

HUMBOLDT COMMUNITY SCHOOL DISTRICT

Statement of Activities

Year ended June 30, 2008

	Program Revenues		Net (Expense) Revenue and Changes in Net Assets	
	Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest	Total
Business type activities:				
Non-instructional programs:				
Nutrition services	456,917	245,938	187,332	(23,647)
Total	\$ 11,774,807	916,712	2,097,729	(8,760,366)
General Revenues:				
Property tax levied for:				
General purposes				2,974,094
Management fund				399,920
Capital outlay				301,250
Debt service				167,747
Local option sales tax				776,555
Unrestricted state grants				4,614,097
Unrestricted investment earnings				62,426
Other				223,387
Total general revenues				9,519,476
Change in net assets				(23,647)
Net assets beginning of year				759,110
Net assets end of year				6,677,587
				7,436,697

\* This amount excludes the depreciation that is included in the direct expense of the various programs.

See notes to financial statements.

## HUMBOLDT COMMUNITY SCHOOL DISTRICT

Balance Sheet  
Governmental Funds

June 30, 2008

		<b>Assets</b>								
		General	Student Activity	Management Levy	Physical Plant and Equipment Levy	Capital Projects	Debt Service	Total		
Cash and pooled investments		\$ 2,020,230	128,999	1,011,262	65,973	598,194	311,863	4,136,521		
Receivables:										
Property tax:										
Current year		41,294	-	6,839	4,124	-	2,473	54,730		
Succeeding year		3,194,013	-	-	310,442	-	-	3,504,455		
Due from other governments		279,643	-	-	-	60,581	-	340,224		
<b>Total assets</b>		<u>\$ 5,535,180</u>	<u>128,999</u>	<u>1,018,101</u>	<u>380,539</u>	<u>658,775</u>	<u>314,336</u>	<u>8,035,930</u>		
<b>Liabilities and Fund Balances</b>										
Liabilities:										
Accounts payable		\$ 58,614	-	94,181	-	51,806	-	204,601		
Deferred revenue:										
Succeeding year property tax		3,194,013	-	-	310,442	-	-	3,504,455		
Total liabilities		<u>3,252,627</u>	<u>-</u>	<u>94,181</u>	<u>310,442</u>	<u>51,806</u>	<u>-</u>	<u>3,709,056</u>		
Fund balances:										
Reserved for debt service		-	-	-	-	-	314,336	314,336		
Reserved for capital projects		-	-	-	-	606,969	-	606,969		
Unreserved fund balance		2,282,553	128,999	923,920	70,097	-	-	3,405,569		
Total fund balances		<u>2,282,553</u>	<u>128,999</u>	<u>923,920</u>	<u>70,097</u>	<u>606,969</u>	<u>314,336</u>	<u>4,326,874</u>		
<b>Total liabilities and fund balances</b>		<u>\$ 5,535,180</u>	<u>128,999</u>	<u>1,018,101</u>	<u>380,539</u>	<u>658,775</u>	<u>314,336</u>	<u>8,035,930</u>		

See notes to financial statements.

## HUMBOLDT COMMUNITY SCHOOL DISTRICT

Reconciliation of the Balance Sheet - Governmental Funds  
to the Statement of Net Assets

June 30, 2008

<b>Total fund balances of governmental funds (Exhibit C)</b>	\$ 4,326,874
<b><i>Amounts reported for governmental activities in the Statement of Net Assets are different because:</i></b>	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.	3,065,556
Long-term liabilities, capital lease payable are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.	<u>(25,011)</u>
<b>Net assets of governmental activities (Exhibit A)</b>	<u>\$ 7,367,419</u>

See notes to financial statements.

## HUMBOLDT COMMUNITY SCHOOL DISTRICT

Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Fund Types

Year ended June 30, 2008

	General	Student Activity	Management Levy	Physical Plant and Equipment Levy	Capital Projects	Nonmajor Debt Service	Total
Revenues:							
Local sources							
Local tax	\$ 2,974,094	-	399,920	301,250	776,555	167,747	4,619,566
Tuition	605,224	-	-	-	-	-	605,224
Other	435,364	294,846	32,967	2,216	16,845	3,011	785,249
State sources	5,674,355	-	349	5	-	3	5,674,712
Federal sources	415,101	-	-	-	-	-	415,101
Total revenues	10,104,138	294,846	433,236	303,471	793,400	170,761	12,099,852
Expenditures:							
Instruction	7,014,574	309,909	94,181	98,639	197,680	-	7,714,983
Support services							
Student services	190,281	-	-	-	-	-	190,281
Instructional staff services	450,433	-	-	2,859	53,141	-	506,433
Administration services	1,057,886	-	50,014	5,136	-	-	1,113,036
Operation and maintenance of plant services	821,555	-	59,570	-	-	-	881,125
Transportation services	340,361	-	12,470	546	171,131	-	524,508
	2,860,516	-	122,054	8,541	224,272	-	3,215,383

HUMBOLDT COMMUNITY SCHOOL DISTRICT

Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Fund Types

Year ended June 30, 2008

	General	Student Activity	Management Levy	Physical Plant and Equipment Levy	Capital Projects	Debt Service	Total
Other expenditures							
Long-term debt:							
Principal	-	-	-	-	-	618,828	618,828
Interest	-	-	-	-	-	19,400	19,400
Services	-	-	-	-	-	475	475
Facilities acquisition and construction	-	-	-	193,919	609,844	-	803,763
AEA flowthrough	416,080	-	-	-	-	-	416,080
	416,080	-	-	193,919	609,844	638,703	1,858,546
Total expenditures	10,291,170	309,909	216,235	301,099	1,031,796	638,703	12,788,912
Excess (deficiency) of revenues over (under) expenditures	(187,032)	(15,063)	217,001	2,372	(238,396)	(467,942)	(689,060)
Other financing sources (uses):							
Sale of materials and supplies	794	-	-	-	-	-	794
Proceeds of capital lease	-	-	-	47,749	-	-	47,749
Operating transfers in	-	-	-	481,713	-	638,703	1,120,416
Operating transfers out	-	-	-	(638,703)	(481,713)	-	(1,120,416)
Total other financial sources (uses)	794	-	-	(109,241)	(481,713)	638,703	48,543
Net change in fund balance	(186,238)	(15,063)	217,001	(106,869)	(720,109)	170,761	(640,517)
Fund balances beginning of year	2,468,791	144,062	706,919	176,966	1,327,078	143,575	4,967,391
Fund balances end of year	\$ 2,282,553	128,999	923,920	70,097	606,969	314,336	4,326,874

See notes to financial statements.

## HUMBOLDT COMMUNITY SCHOOL DISTRICT

Reconciliation of the Statement of Revenues, Expenditures and  
Changes in Fund Balances - Governmental Funds  
to the Statement of Activities

Year ended June 30, 2008

Net change in fund balances - total governmental funds (Exhibit E) \$ (640,517)

**Amounts reported for governmental activities in the Statement of  
Activities are different because:**

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, those costs are reported in the Statement of Net Assets and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. The amounts of capital outlays and depreciation expense in the year are as follows:

Capital outlays	\$ 1,030,508	
Depreciation expense	<u>(179,911)</u>	850,597

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when due. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due.

1,598

Proceeds from issuing long-term liabilities provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. Repayment of long-term debt liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. Current year repayments exceeded issues, as follows:

Issued	(47,749)	
Repayments	<u>618,828</u>	<u>571,079</u>

Change in net assets of governmental activities (Exhibit B) \$ 782,757

## HUMBOLDT COMMUNITY SCHOOL DISTRICT

Statement of Revenues, Expenses and Changes in Net Assets  
Proprietary Fund

Year ended June 30, 2008

	<u>School Nutrition</u>
Operating revenue:	
Local sources:	
Charges for services	\$ 245,938
Operating expenses:	
Non-instructional programs:	
Food service operations:	
Salaries	168,720
Benefits	28,082
Services	5,384
Supplies	246,689
Depreciation	8,042
Total operating expenses	<u>456,917</u>
Operating (loss)	<u>(210,979)</u>
Non-operating revenues:	
Interest on investments	865
State sources	6,532
Federal sources	179,935
Total non-operating revenues	<u>187,332</u>
Change in net assets	(23,647)
Net assets beginning of year	<u>92,925</u>
Net assets end of year	<u><u>\$ 69,278</u></u>

See notes to financial statements.



## HUMBOLDT COMMUNITY SCHOOL DISTRICT

Statement of Cash Flows  
Proprietary Funds

Year ended June 30, 2008

	<u>Enterprise</u> <u>School</u> <u>Nutrition</u>
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	\$ 246,149
Cash payments to employees for services	(196,802)
Cash payments to suppliers for goods or services	(221,005)
Net cash (used in) operating activities	<u>(171,658)</u>
Cash flows from non-capital financing activities:	
State grants received	6,532
Federal grants received	148,939
Net cash provided by non-capital financing activities	<u>155,471</u>
Cash flows from capital financing activities:	
Acquisition of capital assets	<u>(572)</u>
Cash flows from investing activities:	
Interest on investments	<u>865</u>
Net increase in cash and cash equivalents	(15,894)
Cash and cash equivalents beginning of year	<u>52,770</u>
Cash and cash equivalents end of year	<u>\$ 36,876</u>
<b>Reconciliation of operating income (loss) to net cash used in operating activities:</b>	
Operating (loss)	\$ (210,979)
Adjustments to reconcile operating (loss) to net cash provided by (used in) operating activities:	
Depreciation	8,042
Commodities used	30,996
Decrease in other receivables	211
(Increase) in inventory	(633)
Increase in accounts payable	705
	<u>\$ (171,658)</u>
<b>Reconciliation of cash and cash equivalents at year end to specific assets included on Combined Balance Sheet:</b>	
Current assets:	
Cash	<u>\$ 36,876</u>
<b>Non-cash investing, capital and financing activities:</b>	

During the year ended June 30, 2007, the District received federal commodities valued at \$22,629.

See notes to financial statements.

## HUMBOLDT COMMUNITY SCHOOL DISTRICT

Statement of Fiduciary Net Assets  
Fiduciary Funds

Year ended June 30, 2008

	Private Purpose Trusts
<b>Assets</b>	
Cash and pooled investments	
Other receivables	\$ 2,325,041
	<u>328</u>
<b>Total assets</b>	<u>2,325,369</u>
<b>Liabilities</b>	
Accounts payable	
	<u>20,345</u>
<b>Net Assets</b>	
Reserved for general education	1,662,339
Reserved for scholarships	<u>642,685</u>
<b>Total net assets</b>	<u>\$ 2,305,024</u>

See notes to financial statements.

## HUMBOLDT COMMUNITY SCHOOL DISTRICT

Statement of Changes in Fiduciary Net Assets  
Fiduciary Funds

Year ended June 30, 2008

	Private Purpose Trusts
Additions:	
Local sources:	
Interest on investments	\$ 93,861
Contributions	<u>444,406</u>
Total additions	<u>538,267</u>
Deductions:	
Support services:	
Other	<u>207,743</u>
Total deductions	<u>207,743</u>
Change in net assets	330,524
Net assets beginning of year	<u>1,974,500</u>
Net assets end of year	<u>\$ 2,305,024</u>

See notes to financial statements.

# HUMBOLDT COMMUNITY SCHOOL DISTRICT

## Notes to Financial Statements

June 30, 2008

### (1) Summary of Significant Accounting Policies

Humboldt Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve and special education pre-kindergarten. The geographic area served includes the Cities of Humboldt and Dakota City, Iowa, and agricultural territory in Humboldt, Webster and Wright Counties. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

The District's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

#### A. Reporting Entity

For financial reporting purposes, Humboldt Community School District has included all funds, organizations, agencies, boards, commissions and authorities. The District has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the District. Humboldt Community School District has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations - The District participates in a jointly governed organization that provides services to the District but does not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of the Humboldt County Assessor's Conference Board.

#### B. Basis of Presentation

Government-wide Financial Statements - The Statement of Net Assets and the Statement of Activities report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for service.

The Statement of Net Assets presents the District's nonfiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories:

*Invested in capital assets, net of related debt* consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes and other debt that are attributable to the acquisition, construction or improvement of those assets.

*Restricted net assets* result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

*Unrestricted net assets* consist of net assets not meeting the definition of the two preceding categories. Unrestricted net assets often have constraints on resources that are imposed by management which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions and interest that are restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements - Separate financial statements are provided for governmental, proprietary, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

The District reports the following major governmental funds:

The General Fund is the general operating fund of the District. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, including instructional, support and other costs.

The Physical Plant and Equipment Levy Fund is utilized to account for the maintenance and equipping of the District's facilities.

The Management Levy Fund is utilized for the payment of insurance, unemployment and early retirement benefits.

The Student Activity Fund is used to account for extra curricular activities conducted on behalf of the students.

The Debt Service Fund is utilized to account for the payment of interest and principal on the District's general long-term debt.

The Capital Projects Fund is used to account for all resources used in the acquisition and construction of capital facilities.

The District reports the following major proprietary fund:

The District's proprietary fund is the Enterprise, School Nutrition Fund. The School Nutrition Fund is used to account for the food service operations of the District.

#### C. Measurement Focus and Basis of Accounting

The government-wide, proprietary and the fiduciary fund financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days after year-end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the District.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments and compensated absences are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs and then general revenues.

The proprietary fund of the District applies all applicable GASB pronouncements, as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's Enterprise Fund is charges to customers for sales and services. Operating expenses for Enterprise Funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The District maintains its financial records on the cash basis. The financial statements of the District are prepared by making memorandum adjusting entries to the cash basis financial records.

#### D. Assets, Liabilities and Fund Balance

The following accounting policies are followed in preparing the financial statements:

Cash, Investments and Cash Equivalents - The cash balances of most District funds are pooled and invested. Investments are stated at fair value except for non-negotiable certificates of deposit which are stated at cost.

For purposes of the statement of cash flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, they have a maturity date no longer than three months.

Property Tax Receivable - Property tax in governmental funds are accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date that the tax asking is certified by the Board of Education. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the District is required to certify its budget in April of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year become effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2006 assessed property valuations; is for the tax accrual period July 1, 2007 through June 30, 2008 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April 2007.

Due From Other Governments - Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

Inventories - Inventories are valued at cost using the first-in, first-out method for purchased items and for government commodities. Inventories of proprietary funds are recorded as recorded as expenses when consumed rather than when purchased or received.

Capital Assets - Capital assets, which include property, furniture and equipment, are reported in the applicable governmental or business type activities columns in the government-wide statement of net assets. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

<u>Asset Class</u>	<u>Amount</u>
Land	\$ 2,000
Buildings	10,000
Improvements other than buildings	10,000
Furniture and equipment:	
School Nutrition Fund equipment	1,000
Other furniture and equipment	1,000

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives (In Years)</u>
Buildings	50 years
Improvements other than buildings	20-50 years
Furniture and equipment	5-15 years

Deferred Revenue - Although certain revenues are measurable, they are not available. Available means collectible within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue in the governmental fund financial statements represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of unspent grant proceeds as well as property tax receivables and other receivables not collected within sixty days after year-end.

Deferred revenue on the Statement of Net Assets consists of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied.

Compensated Absences - District employees accumulated a limited amount of earned but unused vacation for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees that have resigned or retired. The compensated absences liability is deemed to be immaterial at June 30, 2008.

Long-term obligations - In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities column in the statement of net assets.

Fund Equity - In the governmental fund financial statements, reservations of fund balance are reported for amounts that are not available for appropriation or legally restricted by outside parties for use for a specific purpose.

Restricted Net Assets - In the government-wide Statement of Net Assets, net assets are reported as restricted when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

#### E. Budgeting and Budgetary Control

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2008, expenditures exceeded the amount budgeted in the non-instructional programs function.

### (2) **Cash and Investments**

The District's deposits at June 30, 2008 were entirely covered by Federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public fund.

The District is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Education and the Treasurer of the State of Iowa; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

The District had no investments at June 30, 2008.

### (3) **Capital Assets**

Capital assets activity for the year ended June 30, 2008 is as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 49,250	-	-	49,250
Capital assets being depreciated:				
Land Improvements	854,002	263,666	-	1,117,668
Buildings	4,580,758	71,745	153,098	4,499,405
Furniture and Equipment	2,090,437	695,096	427,021	2,358,512
Total capital assets being depreciated	7,525,197	1,030,507	580,119	7,975,585
Less accumulated depreciation for:				
Land Improvements	775,089	18,935	-	794,024
Buildings	2,988,478	85,889	153,098	2,921,269
Furniture and Equipment	1,595,920	75,087	427,021	1,243,986
Total accumulated depreciation	5,359,487	179,911	580,119	4,959,279
Total capital assets being depreciated, net	2,165,710	850,596	-	3,016,306
Governmental activities, capital assets, net	\$ 2,214,960	850,596	-	3,065,556



	Balance Beginning of Year	Increases	Decreases	Balance End of Year
<b>Business type activities</b>				
Furniture and Equipment	\$ 96,823	572	-	97,395
Less accumulated depreciation	<u>65,165</u>	<u>8,042</u>	<u>-</u>	<u>73,207</u>
Business type activities capital assets, net	<u>\$ 31,658</u>	<u>(7,470)</u>	<u>-</u>	<u>24,188</u>

Depreciation expense was charged to the following functions:

Governmental activities:

Unallocated

\$ 179,911

Business type activities:

Food service operations

\$ 8,042

#### (4) Changes in Long-Term Debt

A summary of changes in long-term debt for the year ended June 30, 2008 is as follows:

	Capital Lease	General Obligation Bonds	EPA Loan	Capital Loan Notes	Total
Balance beginning of year	\$ -	475,000	1,090	120,000	596,090
Additions	47,749	-	-	-	47,749
Reductions	<u>22,738</u>	<u>475,000</u>	<u>1,090</u>	<u>120,000</u>	<u>618,828</u>
Balance end of year	<u>\$25,011</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,011</u>

##### Capital Lease

The District entered into a two year capital lease for the purchase of office equipment. The total price was \$47,749 with \$22,738 being paid in the current year. Twelve monthly payments of \$2,273 are due in the coming fiscal year which will fully pay off the lease. Payments are paid with proceeds of the Physical Plant and Equipment Levy.

#### (5) Pension and Retirement Benefits

The District contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by State statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, PO Box 9117, Des Moines, Iowa, 50306-9117.

Plan members are required to contribute 3.90% of their annual salary and the District is required to contribute 6.05% of annual payroll, for the year ended June 30, 2008. Contribution requirements are established by State statute. The District's contribution to IPERS for the years ended June 30, 2008, 2007, and 2006 were 385,535, \$343,258, and \$326,221 respectively, equal to the required contributions for each year.

#### (6) Risk Management

Humboldt Community School District is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**(7) Area Education Agency**

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$416,080 for year ended June 30, 2008 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

**(8) Early Retirement**

The District offers a voluntary early retirement plan to its certified employees. Eligible employees must be at least age fifty-five and employees must have completed fifteen years of continuous service to the District. Employees must complete an application which is required to be approved by the Board of Education. The early retirement incentive for each eligible employee is equal to \$13,500. Early retirement benefits accrued during the year ended June 30, 2008 totaled \$94,181.

**(9) Interfund Transfers**

The detail of Interfund transfers for the year ended June 30, 2008 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Debt Service	Physical Plant and Equipment Levy	\$638,703
Physical Plant and Equipment Levy	Capital Projects	\$481,713

Transfers generally move revenues from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

## Required Supplementary Information

**HUMBOLDT COMMUNITY SCHOOL DISTRICT**

Budgetary Comparison Schedule of Revenues, Expenditures and Changes in Balances --  
Budget and Actual - All Governmental Funds and Proprietary Fund

Required Supplementary Information

Year ended June 30, 2008

	Governmental Fund Types	Proprietary Fund Type	Total Actual	Budgeted Amounts	Final to Actual Variance
	Actual	Actual	Actual	Original	Final
<b>Revenues</b>					
Local sources	\$ 6,010,039	246,803	6,256,842	5,850,917	5,850,917
State sources	5,674,712	6,532	5,681,244	5,835,802	5,835,802
Federal sources	415,101	179,935	595,036	315,000	315,000
Total revenues	<u>12,099,852</u>	<u>433,270</u>	<u>12,533,122</u>	<u>12,001,719</u>	<u>12,001,719</u>
					531,403
<b>Expenditures</b>					
Instruction	7,714,983	-	7,714,983	7,392,875	7,392,875
Support services	3,215,383	-	3,215,383	4,246,287	3,687,400
Non-instructional programs	-	456,917	456,917	455,000	427,000
Other expenditures	1,858,546	-	1,858,546	940,451	1,904,287
Total expenditures	<u>12,788,912</u>	<u>456,917</u>	<u>13,245,829</u>	<u>13,034,613</u>	<u>13,949,275</u>
					703,446
Excess of revenues over expenditures	(689,060)	(23,647)	(712,707)	(1,032,894)	(1,947,556)
Other financing sources (uses)	48,543	-	48,543	-	-
					48,543
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(640,517)	(23,647)	(664,164)	(1,032,894)	(1,947,556)
Balance beginning of year	4,967,391	92,925	5,060,316	4,136,390	4,136,390
Balance end of year	<u>\$ 4,326,874</u>	<u>69,278</u>	<u>4,396,152</u>	<u>3,103,496</u>	<u>2,188,834</u>
					2,207,318

See accompanying independent auditor's report.

## **HUMBOLDT COMMUNITY SCHOOL DISTRICT**

### **Notes to Required Supplementary Information - Budgetary Reporting**

Year ended June 30, 2008

This budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standard Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds, except Private Purpose Trust and Agency Funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund or fund type. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated functional level, not by fund. The Code of Iowa also provides that District expenditures in the General Fund may not exceed the amount authorized by the school finance formula. The budget was amended once during the year. The increase in budget amounted to \$914,662 overall.

During the year ended June 30, 2008, expenditures exceeded the amended amount budgeted in the non-instructional programs function. The District did not exceed the General Fund unspent authorized budget.

## **Other Supplementary Information**

## HUMBOLDT COMMUNITY SCHOOL DISTRICT

## Schedule of Changes in Individual Student Activity Accounts

Year ended June 30, 2008

Account	Balance Beginning of Year	Revenues	Expenditures	Balance End of Year
Cross Country	\$ -	3,082	2,192	890
Boys Basketball	23,795	10,028	10,881	22,942
Football	13,469	32,977	37,711	8,735
Baseball	100	12,932	12,913	119
Boys Track	40	10,151	10,094	97
Boys Golf	32	1,498	459	1,071
Wrestling	114	16,171	16,193	92
Girls Basketball	16,774	5,119	7,466	14,427
Volleyball	988	11,759	9,863	2,884
Softball	64	10,493	10,429	128
Girls Track	76	8,551	8,528	99
Girls Golf	8	1,841	1,092	757
Soccer	759	1,761	2,397	123
Olympics	82	-	-	82
Spanish Club	488	557	404	641
Drama	7,373	5,812	6,400	6,785
Cheerleaders	450	638	607	481
MOC	1,638	-	(1)	1,639
Graphic Arts	573	-	-	573
Student Senate	6,456	3,804	4,383	5,877
Student Senate special	250	-	-	250
FFA	6,147	15,402	14,139	7,410
MS Cheerleading	616	-	-	616
Drill Team	10,595	15,250	15,914	9,931
Class of 2007	1,781	40	1,781	40
Class of 2008	1,939	120	1,165	894
Class of 2009	1,624	1,021	2,645	-
Class of 2010	1,038	-	36	1,002
Class of 2011	-	4,438	2,342	2,096
Prom	-	1,745	81	1,664
High School	7,776	7,659	9,259	6,176
Middle School	3,492	5,708	6,425	2,775
Taft	2,865	10,019	12,884	-
Mease	2,622	3,929	2,556	3,995
Secondary Academic Boosters	4,804	2,520	2,259	5,065
Elementary Art	161	-	141	20
Elementary PE	142	-	5	137
High School Art	24	-	-	24
Elementary Special	32	-	-	32
Elementary Academic Boosters	6,055	517	2,479	4,093
Taft Character Counts	-	800	45	755
Vocal HS	1,174	3,072	2,756	1,490
Vocal MS	1,465	1,453	1,035	1,883
Vocal Elementary	1,757	812	1,031	1,538

HUMBOLDT COMMUNITY SCHOOL DISTRICT

Schedule of Changes in Individual Student Activity Accounts

Year ended June 30, 2008

Account	Balance Beginning of Year	Revenues	Expenditures	Balance End of Year
Band HS	598	2,131	2,061	668
Band MS	2,433	3,092	2,756	2,769
Band Elementary	610	2,035	1,657	988
Band Resale HS	-	2,484	2,484	-
Band Uniforms	-	1,658	527	1,131
Nokomis Reserve	-	681	-	681
Nokomis 2007	7,367	1,364	8,191	540
Nokomis 2005	2,847	-	-	2,847
Nokomis 2006	361	-	-	361
Nokomis 2008	-	20,325	20,021	304
Rockets - 6th Grade	786	-	-	786
Concessions	10	-	-	10
HS PE	1,413	-	-	1,413
Concessions - MS	5,107	-	1,400	3,707
Student Activity	(13,011)	47,350	47,323	(12,984)
Track Project	1,997	-	-	1,997
Weight Room	275	10	-	285
Checking Interest	3,362	2,037	2,500	2,899
Mease CD	61	-	-	61
Middle School CD	203	-	-	203
Investment Interest	5	-	-	5
Totals	<u>\$ 144,062</u>	<u>294,846</u>	<u>309,909</u>	<u>128,999</u>

See accompanying independent auditor's report.



**HUMBOLDT COMMUNITY SCHOOL DISTRICT**

Combining Balance Sheet  
Private Purpose Trusts

Year ended June 30, 2008

	Clyde R. & Nira Mease Scholarship	Dan Rusher Memorial	Bertha Peterson Scholarship	Michael H. Baker Scholarship	Harry Reasoner Educational Trust	Joe & Edith Reasoner Educational Trust
<b>Assets</b>						
Cash and pooled investments	\$ 6,156	4,286	7,861	9,956	4,341	11,980
Other receivables	-	-	-	-	-	-
	<u>\$ 6,156</u>	<u>4,286</u>	<u>7,861</u>	<u>9,956</u>	<u>4,341</u>	<u>11,980</u>
<b>Liabilities and Fund Balance</b>						
Current liabilities:						
Accounts payable	\$ -	-	-	-	-	-
Fund balance:						
Reserved for general education	-	-	-	-	-	-
Reserved for scholarships	<u>6,156</u>	<u>4,286</u>	<u>7,861</u>	<u>9,956</u>	<u>4,341</u>	<u>11,980</u>
	<u>6,156</u>	<u>4,286</u>	<u>7,861</u>	<u>9,956</u>	<u>4,341</u>	<u>11,980</u>
	<u>\$ 6,156</u>	<u>4,286</u>	<u>7,861</u>	<u>9,956</u>	<u>4,341</u>	<u>11,980</u>

## HUMBOLDT COMMUNITY SCHOOL DISTRICT

Combining Balance Sheet  
Private Purpose Trusts

Year ended June 30, 2008

**Assets**Cash and pooled investments  
Other receivables

Cramlet/ Schnoor Scholarship	Esther Hansen Scholarship	Bernice Smith Memorial	Anderson Scholarship	Klasse Scholarship	Griffin Scholarship
\$ 82,554	10,847	1,000	11,143	21,039	443,406
-	-	-	-	-	-
\$ 82,554	10,847	1,000	11,143	21,039	443,406
\$ -	-	-	-	-	-
-	-	-	-	-	-
82,554	10,847	1,000	11,143	21,039	443,406
82,554	10,847	1,000	11,143	21,039	443,406
\$ 82,554	10,847	1,000	11,143	21,039	443,406

**Liabilities and Fund Balance**Current liabilities:  
Accounts payable

Fund balance:

Reserved for general education  
Reserved for scholarships

**HUMBOLDT COMMUNITY SCHOOL DISTRICT**Combining Balance Sheet  
Private Purpose Trusts

Year ended June 30, 2008

	Howard G. & Ruth A. Louthen Trust				Bette L. Newton Scholarship		Rogness Scholarship		Totals
	Castle Theater Scholarship								
<b>Assets</b>									
Cash and pooled investments	\$ 9,880	1,682,356			8,678		9,558		2,325,041
Other receivables	-	328			-		-		328
	<u>\$ 9,880</u>	<u>1,682,684</u>			<u>8,678</u>		<u>9,558</u>		<u>2,325,369</u>
<b>Liabilities and Fund Balance</b>									
Current liabilities:									
Accounts payable	\$ -	20,345			-		-		20,345
Fund balance:									
Reserved for general education	-	1,662,339			-		-		1,662,339
Reserved for scholarships	9,880	-			8,678		9,558		642,685
	<u>9,880</u>	<u>1,662,339</u>			<u>8,678</u>		<u>9,558</u>		<u>2,305,024</u>
	<u>\$ 9,880</u>	<u>1,682,684</u>			<u>8,678</u>		<u>9,558</u>		<u>2,325,369</u>

See accompanying independent auditor's report.

## HUMBOLDT COMMUNITY SCHOOL DISTRICT

Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Private Purpose Trusts

Year ended June 30, 2008

	Clyde R. & Nira Mease Scholarship	Dan Rusher Memorial	Bertha Peterson Scholarship	Michael H. Baker Scholarship	Harry Reasoner Educational Trust	Joe & Edith Reasoner Educational Trust
Revenues:						
Local sources:						
Interest on investments	\$ 447	456	599	778	329	892
Contributions	-	-	-	-	-	-
	<u>447</u>	<u>456</u>	<u>599</u>	<u>778</u>	<u>329</u>	<u>892</u>
Expenditures:						
Instruction:						
Regular instruction:						
Other	200	250	275	250	150	400
	<u>200</u>	<u>250</u>	<u>275</u>	<u>250</u>	<u>150</u>	<u>400</u>
Excess (deficiency) of revenues over (under) expenditures	247	206	324	528	179	492
Balance beginning of year	5,909	4,080	7,537	9,428	4,162	11,488
Balance end of year	<u>\$ 6,156</u>	<u>4,286</u>	<u>7,861</u>	<u>9,956</u>	<u>4,341</u>	<u>11,980</u>

**HUMBOLDT COMMUNITY SCHOOL DISTRICT**

Combining Statement of Revenues, Expenditures and Changes in Fund Balance  
Private Purpose Trusts

Year ended June 30, 2008

	Cramlet/ Schnoor Scholarship	Esther Hansen Scholarship	Bernice Smith Memorial	Anderson Scholarship	Klasse Scholarship	Griffin Scholarship
Revenues:						
Local sources:						
Interest on investments	\$ 4,879	722	-	838	1,572	-
Contributions	-	-	1,000	-	-	443,406
	<u>4,879</u>	<u>722</u>	<u>1,000</u>	<u>838</u>	<u>1,572</u>	<u>443,406</u>
Expenditures:						
Instruction:						
Regular instruction:						
Other	<u>2,000</u>	<u>275</u>	<u>-</u>	<u>390</u>	<u>900</u>	<u>-</u>
	<u>2,000</u>	<u>275</u>	<u>-</u>	<u>390</u>	<u>900</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	2,879	447	1,000	448	672	443,406
Balance beginning of year	<u>79,675</u>	<u>10,400</u>	<u>-</u>	<u>10,695</u>	<u>20,367</u>	<u>-</u>
Balance end of year	<u>\$ 82,554</u>	<u>10,847</u>	<u>1,000</u>	<u>11,143</u>	<u>21,039</u>	<u>443,406</u>

**HUMBOLDT COMMUNITY SCHOOL DISTRICT**

Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Private Purpose Trusts

Year ended June 30, 2008

	Castle Theater Scholarship	Howard G. & Ruth A. Louthen Trust	Bette L. Newton Scholarship	Rogness Scholarship	Stead Scholarship	Totals
Revenues:						
Local sources:						
Interest on investments	\$ 758	80,733	858	-	-	93,861
Contributions	-	-	-	-	-	444,406
	<u>758</u>	<u>80,733</u>	<u>858</u>	<u>-</u>	<u>-</u>	<u>538,267</u>
Expenditures:						
Instruction:						
Regular instruction:						
Other	350	201,157	500	-	646	207,743
	<u>350</u>	<u>201,157</u>	<u>500</u>	<u>-</u>	<u>646</u>	<u>207,743</u>
Excess (deficiency) of revenues over (under) expenditures	408	(120,424)	358	-	(646)	330,524
Balance beginning of year	<u>9,472</u>	<u>1,782,763</u>	<u>8,320</u>	<u>9,558</u>	<u>646</u>	<u>1,974,500</u>
Balance end of year	<u>\$ 9,880</u>	<u>1,662,339</u>	<u>8,678</u>	<u>9,558</u>	<u>-</u>	<u>2,305,024</u>

See accompanying independent auditor's report.

## HUMBOLDT COMMUNITY SCHOOL DISTRICT

Schedule of Revenues by Source and Expenditures by Function  
All Governmental Funds

For the Last Five Years

## Modified Accrual Basis

	2008	2007	2006	2005	2004
Revenues:					
Local sources:					
Local tax	\$ 4,619,566	4,832,670	4,708,402	4,500,733	4,574,524
Tuition	605,224	563,069	604,225	679,891	703,547
Other	785,249	737,907	528,340	512,747	436,592
State sources	5,674,712	5,314,953	5,119,715	5,127,797	4,726,988
Federal sources	415,101	637,089	305,622	322,688	170,904
Total	<u>\$ 12,099,852</u>	<u>12,085,688</u>	<u>11,266,304</u>	<u>11,143,856</u>	<u>10,612,555</u>
Expenditures:					
Instruction	\$ 7,714,983	7,083,230	6,559,869	6,686,620	6,367,845
Support services:					
Student	190,281	205,893	272,808	317,654	409,919
Instructional staff	506,433	546,597	452,163	567,479	319,374
Administration	1,113,036	1,062,281	993,063	1,028,026	994,212
Operation and maintenance of plant	881,125	974,165	805,227	792,801	787,221
Transportation	524,508	595,078	433,517	346,058	375,635
Non-instructional programs:					
Food service operations	-	6,323	-	3,389	-
Other expenditures:					
Facilities acquisition	803,763	332,005	139,309	32,489	58,683
Debt Service					
Principal	618,828	265,000	255,000	245,000	235,000
Interest and service charges	19,875	28,413	41,241	43,434	50,175
AEA flowthrough	416,080	393,205	377,143	379,759	378,152
Total	<u>\$ 12,788,912</u>	<u>11,492,190</u>	<u>10,329,340</u>	<u>10,442,709</u>	<u>9,976,216</u>

See accompanying independent auditor's report.

# BRUCE D. FRINK

## Certified Public Accountant

### Member:

- American Institute of Certified Public Accountants
- Iowa Society of Certified Public Accountants

### Services:

- Individual & Corporate Tax Preparation, Partnerships, Estate & Trust
- Year Round Tax Planning
- Electronic Filing
- Payroll & Sales Tax Preparation
- I.R.S. Representation
- Monthly/Quarterly Write-Up
- Data Processing Services
- Payroll Preparation
- Computerized Financial Statements
- Business/Personal Financial Planning
- Bank Loan Assistance
- Section 105 Medical Plan Administration

### Plus:

- Over 30 years of Expertise and Experience
- Evenings & Saturdays Available by Appointment
- Extended Hours During Tax Season

### Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

To the Board of Education of  
Humboldt Community School District:

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the Humboldt Community School District as of and for the year ended June 30, 2008, which collectively comprise the District's basic financial statements listed in the table of contents, and have issued our report thereon dated March 28, 2009. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

#### Internal Control Over Financial Reporting

In planning and performing our audit, we considered Humboldt Community School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of Humboldt Community School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Humboldt Community School District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider to be a significant deficiency as well as a material weakness.

A control deficiency exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Humboldt Community School District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with U.S. generally accepted accounting principles such that there is more than a remote likelihood a misstatement of Humboldt Community School District's financial statements that is more than inconsequential will not be prevented or detected by Humboldt Community School District's internal control. We consider the deficiency in internal control described in Part I of the accompanying Schedule of Findings to be a significant deficiency in internal control over financial reporting.



A material weakness is a significant deficiency, or combination of significant deficiencies that result in more than a remote likelihood a material misstatement of financial statements will not be prevented or detected by Humboldt Community School District's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe the significant deficiency described above, item 08-II-A, is a material weakness.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Humboldt Community School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. However, we noted immaterial instances of non-compliance or other matters to be disclosed in Part II of the accompanying Schedule of Findings and Questioned Costs.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2008 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the District. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Humboldt Community School District and other parties to whom Humboldt Community School District may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Humboldt Community School District during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.



**BRUCE D. FRINK**  
**Certified Public Accountant**

March 28, 2009

# HUMBOLDT COMMUNITY SCHOOL DISTRICT

## Schedule of Findings

Year ended June 30, 2008

### Part I: Findings Related to the General Purpose Financial Statements:

#### INSTANCES OF NON-COMPLIANCE:

No matters were reported.

#### SIGNIFICANT DEFICIENCIES:

##### 08-I-A SEGREGATION OF DUTIES

Comment - One important aspect of the internal control structure is the segregation of duties among employees to prevent an individual employee from handling duties that are incompatible. The District has done a good job of segregating duties among the present staff, however, the District Secretary continues to have the ability to override the present controls and circumvent the internal control system.

Recommendation - We realize the job description, as defined by the Code of Iowa, of the District Secretary makes the segregation of duties even more difficult and the elimination of the possibility of administrative override of the system improbable. However, we feel the board and the administration should review these policies annually and with each personnel change to insure the best possible control climate is maintained.

Response - We will continue to review procedures to obtain the best controls possible.

Conclusion - Response accepted.

### Part II: Other Findings Related to Required Statutory Reporting:

08-II-A Official Depositories - Official depositories have been approved by the District. The maximum deposit amounts approved were not exceeded during the year ended June 30, 2008.

08-II-B Certified Budget - During the year ending June 30, 2008, expenditures in the non-instructional programs function exceeded the amended amounts budgeted.

Recommendation - The certified budget should have been amended in accordance with Chapter 24.9 of the Code of Iowa before expenditures were allowed to exceed the budget.

Response - Future budgets will be amended in sufficient amounts to ensure the certified budget is not exceeded.

Conclusion - Response accepted.

08-II-C Questionable Disbursements - We noted no disbursements that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.

08-II-D Travel Expense - No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.

HUMBOLDT COMMUNITY SCHOOL DISTRICT

Schedule of Findings

Year ended June 30, 2008

**Part II: Other Findings Related to Required Statutory Reporting:**  
**(continued)**

- 08-II-E      Business Transactions - No business transactions between the District and District officials or employees were noted.
- 08-II-F      Bond Coverage - Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.
- 08-II-G      Board Minutes - We noted no transactions requiring Board approval which had not been approved by the Board.
- 08-IV-H      Deposits and Investments - We noted no instances of noncompliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy.
- 08-II-I      Certified Annual Report - The Certified Annual Report was filed with the Department of Education timely and we noted no significant deficiencies in the amounts reported.